

Assembly Bill No. 2868

Passed the Assembly August 31, 2016

Chief Clerk of the Assembly

Passed the Senate August 31, 2016

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2016, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Sections 2838.2 and 2838.3 to the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2868, Gatto. Energy storage.

Existing law requires the Public Utilities Commission (PUC) to determine appropriate targets, if any, for each load-serving entity to procure viable and cost-effective energy storage systems to be achieved by December 31, 2020.

This bill would require the PUC, in consultation with the State Air Resources Board and the State Energy Resources Conservation and Development Commission, to direct the state's 3 largest electrical corporations to file applications for programs and investments to accelerate widespread deployment of distributed energy storage systems, as defined. The bill would authorize the PUC to approve, or modify and approve, programs and investments in distributed energy storage systems, as provided, and would require the PUC to prioritize those programs and investments that provide distributed energy storage systems to public sector and low-income customers. Because a violation of any order, decision, rule, direction, demand, or requirement of the PUC implementing these requirements would be a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. (a) The Legislature finds and declares all of the following:

(1) The state, through the Public Utilities Commission, has taken action to promote energy storage, including setting energy storage

procurement targets applicable for certain load-serving entities, totaling 1,325 megawatts, and for all other load-serving entities, to be met by 2020, with installations of the energy storage systems meeting the procurement targets by no later than the end of 2024.

(2) Ratepayer funding is currently allowed to provide incentives to customers who purchase energy storage for permanent load shifting.

(3) The Legislature reauthorized the self-generation incentive program to provide incentives to customers who achieve reductions in the emissions of greenhouse gases using technologies like energy storage.

(4) The State Energy Resources Conservation and Development Commission funds research and demonstration programs to further the effectiveness of energy storage as an important resource to the electric grid through the Electric Program Investment Charge.

(5) Federal Energy Regulatory Commission Order No. 792 directs transmission providers to define energy storage devices as generating facilities, thereby enabling these resources to take advantage of generator interconnection procedures.

(6) Industrial and commercial customers are subject to the time-of-use tariffs of the load-serving entity providing electric services, some of which also include demand charges. Industrial and commercial customers have challenges modifying their businesses to manage their electricity consumption and costs.

(7) Section 745 of the Public Utilities Code authorizes the commission to require or authorize an electrical corporation to employ default time-of-use pricing for residential customers.

(8) Changes in customer electricity usage will modify the peak time for electricity demand and effect demand charges in rate design.

(9) Properly designed and dispatched energy storage systems will help customers manage energy costs, help reduce overall system peak energy demands, improve public health, and assist in achieving greenhouse gas emissions goals.

(10) Increased demand for energy storage technologies will drive new business opportunities and create jobs.

(11) Easing energy costs for large energy users will help keep manufacturing and industrial jobs in California.

(b) It is the policy of the state and the intent of the Legislature to encourage energy storage as a means to achieve ratepayer

benefits, ambient air quality standards, and the state's climate change goals.

SEC. 2. Section 2838.2 is added to the Public Utilities Code, to read:

2838.2. (a) The following definitions apply to this section:

(1) "Distributed energy storage system" means an energy storage system with a useful life of at least 10 years that is connected to the distribution system or is located on the customer side of the meter.

(2) "Energy storage management system" means a system by which an electrical corporation can manage the charging and discharging of the distributed energy storage system in a manner that provides benefits to ratepayers.

(b) The commission, in consultation with the State Air Resources Board and the Energy Commission, shall direct the state's three largest electrical corporations to file applications for programs and investments to accelerate widespread deployment of distributed energy storage systems to achieve ratepayer benefits, reduce dependence on petroleum, meet air quality standards, and reduce emissions of greenhouse gases. Programs and investments proposed by the state's three largest electrical corporations shall seek to minimize overall costs and maximize overall benefits.

(c) (1) The commission may approve, or modify and approve, programs and investments of an electrical corporation in distributed energy storage systems with appropriate energy storage management systems and reasonable mechanisms for cost recovery, if they are consistent with the requirements of this section and do not unreasonably limit or impair the ability of nonutility enterprises to market and deploy energy storage systems. The total capacity of the programs and investments in distributed energy storage systems approved by the commission pursuant to this section shall not exceed 500 megawatts, divided equally among the state's three largest electrical corporations.

(2) No more than 25 percent of the capacity of distributed energy storage systems approved for programs and investments pursuant to this section shall be provided by behind-the-meter systems.

(3) The capacity authorized pursuant to paragraph (1) is in addition to any investments authorized pursuant to Section 2836.

(d) (1) The commission shall resolve each application filed by an electrical corporation pursuant to this section within 12 months of the date of filing of the completed application.

(2) The commission shall prioritize those programs and investments that provide distributed energy storage systems to public sector and low-income customers.

SEC. 3. Section 2838.3 is added to the Public Utilities Code, to read:

2838.3. It is the intent of the Legislature that the commission, in authorizing an electrical corporation to recover the costs of approved energy storage programs and investments from all customers pursuant to Section 2838.2, shall ensure that the costs for the programs and investments are recovered in proportion to the benefits received, consistent with Section 451.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Approved _____, 2016

Governor